

A11102 487402

NAT'L INST OF STANDARDS & TECH R.I.C.



A11102487402

Schofer, Ralph E/Implementation plan : I
QC100 .U56 NO.86-3336 V1986 C.1 NBS-PUB-

Implementation Plan - Internal Revenue Service Strategic Initiatives ERR-9 and ERR-11

Reference

NBS

PUBLICATIONS

Ralph E. Schofer

U.S. DEPARTMENT OF COMMERCE
National Bureau of Standards
Center for Applied Mathematics
Operations Research Division
Gaithersburg, MD 20899

March 1986

Prepared for:

The Personnel Division
Internal Revenue Service

QC

100

.U56

86-3336

1986

NBSIR 86-3336

**IMPLEMENTATION PLAN - INTERNAL
REVENUE SERVICE STRATEGIC
INITIATIVES ERR-9 AND ERR-11**

Ralph E. Schofer

U.S. DEPARTMENT OF COMMERCE
National Bureau of Standards
Center for Applied Mathematics
Operations Research Division
Gaithersburg, MD 20899

March 1986

Prepared for:
The Personnel Division
Internal Revenue Service



U.S. DEPARTMENT OF COMMERCE, Malcolm Baldrige, *Secretary*
NATIONAL BUREAU OF STANDARDS, Ernest Ambler, *Director*

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Executive Summary..... | 1 |
| I. Introduction and Purpose..... | 2 |
| II. Implementing the Initiatives..... | 3 |
| III. Identifying and Bounding the Problem..... | 11 |
| IV. Study Procedures..... | 13 |
| V. Summary of Findings..... | 18 |
| VI. Recommendation for IRS Human Resources Trend Analysis System..... | 22 |
| Appendix A..... | 33 |
| Appendix B..... | 38 |
| List of References..... | 39 |

Executive Summary

Implementation of Strategic Initiatives

ERR-9 and ERR-11

The purpose of this program is to provide IRS with the means for operating Strategic Initiatives ERR-9, "Anticipation of Future Changes in Work-Workforce Trends and Legislation," and ERR-11, "Recruitment Planning," on a continuing basis.

In phase I of this work program, the National Bureau of Standards (NBS) assisted the IRS Personnel Division to determine the tasks necessary to implement these initiatives. These tasks are as follows:

- Item 1 Review and select information reporting services.
- Item 2 Review and make final selection of economic and demographic data items.
- Item 3 Coordinate the identification and selection of internal personnel data items.
- Item 4 Select time interval for periodic updating of the data system. Prepare computer storage and retrieval specifications and describe protocols for use.
- Item 5 Select subject classification of periodical publications to be routinely scanned. Prepare scanning procedures.
- Item 6 Develop methods for identifying and displaying trends. Identify and select formats for displaying information.
- Item 7 Convene a small group of senior IRS managers to examine and evaluate the displayed trend information and assure that it can be used to make policy decisions.
- Item 8 Select either a key district office or a service center and explore how elements of the proposed trend monitoring system can be used to analyze operational issues.
- Item 9 Pilot test survey forms for collecting attitudinal data.
- Item 10 Prepare final report.

These tasks can be accomplished by NBS analysts in Phase II with the support of the IRS Employment Branch. Additionally, this support is estimated to be approximately 25 staff days during Phase II.

When Phase II of this program is completed, the IRS will have a trend monitoring system and a workable methodology which will enable IRS to fulfill the stated objectives of Strategic Initiatives ERR-9 and ERR-11 on a continuing basis.

INTRODUCTION AND IMPLEMENTATION PLAN

NATIONAL BUREAU OF STANDARDS PHASE I WORK REPORT

STRATEGIC INITIATIVES ERR-9 and ERR-11

HUMAN RESOURCES TREND ANALYSIS

I. INTRODUCTION AND PURPOSE

The purpose of this program is to implement Strategic Initiatives ERR-9, Anticipation of Future Changes in Work-Workforce Trends and Legislation and ERR-11, Recruitment Planning. Much of the data required to support these initiatives also can be efficiently used for the analysis of operational issues which frequently must be addressed by the Personnel Division.

The consensus of managers today is that human resources will be available on a much more contingent basis to organizations in the future. Additionally, technology and regulations will continue to grow more complex and the age group of entry-level people will decrease. To attract and retain effective employees, it will be imperative to provide them with meaningful work, opportunities for advancement, and improved quality of work life. Unfortunately, opportunities for advancement are likely to be diminished due to the large number of senior employees remaining in the workforce.

In order for organizations to continue meeting their objectives in the future, it will be necessary for management to become much more proactive in responding to the needs and aspirations of employees. In the long run this is likely to result in changes in organizational structure and in the definition of individual job responsibilities.

The effective management of human resources is becoming more and more inseparable from the overall management of the organization. Human resource management is growing more competitive as organizations, public and private, compete for diminishing resources.

Information is prerequisite for proactive management and for planning for organizational effectiveness and change. This information concerns the past, present and forecasts for the future. When evaluated over time, information can indicate trends and potential change. The monitoring of these types of information on a continuing basis is the focus of this program.

Section II of this report describes the specific tasks which must be accomplished to implement the initiatives. This is proposed for accomplishment by National Bureau of Standards during Phase II of its work program. Section III describes the identification and bounding of IRS's implementation requirement. Section IV reviews Phase I study procedures; Section V summarizes findings; and Section VI presents recommendations for the IRS human resources trend analysis system. These sections are followed by the Appendices.

II. IMPLEMENTING THE INITIATIVES

The following is a listing of tasks which must be performed to build the trend monitoring system required for the implementation of Strategic Initiatives ERR-9 and ERR-11. It is proposed that these tasks be accomplished in Phase II of the National Bureau of Standards reimbursable work program.

The task items may logically be grouped as follows:

- A. Identification and selection of data and information items to be included in the trend monitoring system.

- Item 1 Review and select information reporting services.

- Item 2 Review and make final selection of economic and demographic data items.

- Item 3 Coordinate the identification and selection of internal personnel data items.

- Item 5 Select subject classification of periodical publications to be routinely scanned. Prepare scanning procedures.

- B. Selection of time interval for periodic updating of data, and development of information handling procedures.

- Item 4 Select time interval for periodic updating of data system. Prepare computer storage and retrieval specifications and describe protocols for use.

- C. Display and pilot test use of trend data.

- Item 6 Develop methods for identifying and displaying trends. Identify and select formats for displaying information.

- Item 7 Convene a small group of senior IRS managers to examine and evaluate the displayed trend information and assure that it can be used to make policy decisions.

- Item 8 Select either a key district office or a service center and explore how elements of the proposed trend monitoring system can be used to analyze operational issues.

- D. Monitor attitudes of IRS employees.

- Item 9 Pilot test survey forms for measuring employee attitudes.

- E. Document Results

- Item 10 Prepare final report.

A description of specific tasks and target completion times follows:

- Item 1. Review and select information reporting services available from professional external environmental monitoring groups and from the popular press to fulfill some of the requirements of ERR-9 and ERR-11. NBS analysts will develop and recommend a continuing program for scanning and summarizing information for input to the proposed trend monitoring system.

Implementation Time: Six Weeks*

*See page 10 for a graphic display of the implementation plan schedule. Note that the trend monitoring system will be in place by September 30, 1986, only if final IRS administrative approval and funding authorization is accomplished by March 11, 1986.

Background

Professional external environmental scanning reports include Washington-on-Line, LEXIS, CongressScan, and the Legislative Information files (CG94, CG95, CG96, CG97) maintained by the Library of Congress, Stanford Research Institute (SRI) International's SCAN and the Naisbett Group's TREND REPORT. Periodicals produced by the popular press include Psychology Today, Time magazine, and other current events, legislative tracking, and social/lifestyle publications.

It should be noted that information from the professional scanning services is already identified and summarized by the publishers. Information from periodical publications must be scanned and summarized by IRS personnel. Information from both of these sources must be analyzed and evaluated. Since IRS needs are primarily 1-3 years into the future, much of the required information will be available at relatively low cost from the periodical publications.

- Item 2. Review and make final selection of economic and demographic data items. Examples of data items include population by age groupings; unemployment rate; demand for and supply of recent accounting graduates, employment in finance, insurance and real estate; and total employment. These data items are to be a crucial part of the trend monitoring system. Identify best sources and format for these data and recommend means for periodic procurement.

Implementation Time: Six Weeks

Background

These data items will be obtained by Standard Metropolitan Statistical Area (SMSA), and/or county(s) where available to support the requirements of key IRS districts and the service centers. Sources for these data include the Bureau of Labor Statistics, the Census Bureau, Data Resources Inc (DRI), and the American Institute of Certified Public Accountants. Many of these data are available at no cost since

they are collected for many other purposes. IRS might incur some costs in copying and/or formatting these data. It is likely that the most feasible way to put low volume data into the trend monitoring system would be to key it in by hand. (This might take 8 hours per update.) The total amount of data required for the trend monitoring system is relatively small and very manageable.

Item 3. Coordinate the identification and selection of internal personnel data items with PERMITS Staff within the Personnel Division. These data are required for monitoring internal IRS environment. Select means for retrieval and storage of these data by district and service center for use in the trend monitoring system.

Implementation Time: Seven Weeks

Background

The PERMITS* System is projected to be up and running for all IRS offices by the end of the summer of 1986. This position-based dynamic system contains a wealth of information on the IRS staff (the internal environment). Selections must be made which are compatible with the time frame for periodically acquiring external environmental data for trend monitoring. (See Item 4 following.) The PERMITS System is updated every evening. It is necessary to establish times for recording these data as fixed data points.

Means for storing and retrieving these data by district and/or SMSA for use in future analyses will be selected by NBS analysts. For example, these files are large and might best be stored for retrieval on the Assistant Commissioner's (Planning, Finance and Research) computer. Protocols for specifying and retrieving these data will be established as part of this task.

Item 4. Select time interval for periodic updating of data system for use in identifying trends. Develop procedures for replacing forecast data with observed data as time progresses. Prepare computer storage and retrieval specifications and describe protocols for use. Data is to be stored on the Assistant Commissioner's (Planning, Finance and Research) computer. Data is to be retrieved using the ZILOG or the IBM PC Terminals available within the Personnel Division.

Implementation Time: Eleven Weeks

*Personnel Management Information and Telecommunications System

Background

The time interval for periodically updating the data in the trend monitoring system will be semi-annually or annually, based upon data availability and IRS needs and applications. The retrieval system will be user-friendly in order to facilitate analysis of operational issues e.g. how many revenue officers in the Baltimore District will be eligible for retirement in 1991; or what will be the average grade of tax auditors in the Atlanta District in 1987.

- Item 5. Select subject classifications of periodical publications to be routinely scanned for external environmental information.
Prepare scanning procedures. IRS to make (interim) scanning assignments to their personnel.

Implementation Time: Eleven Weeks

Background

The purpose of scanning periodical publications is to identify emerging social/living/working lifestyle changes that might impact the IRS workforce. The scan is for secondary (interpreted) information not raw data. Such information might be the increasing provision of child care centers at the worksite by employers to make the employment of single heads-of-household more feasible; or the decentralization of work location to tap new labor markets.

It is necessary to establish scanning procedures, schedules and formats for summarizing results for review and retention. The results are to be subsequently analyzed for potential impact upon IRS human resources.

- Item 6. Develop methods and options for identifying and displaying trends in the economic and demographic data. Identify and select formats for displaying information for subsequent analysis and evaluation. (For example, a predicted decline in the unemployment rate in the vicinity of a service center over a consecutive period of years might indicate a lack of candidates for seasonal positions.) Procedures for displaying data will be developed jointly by NBS and IRS Employment Branch Personnel. These procedures will be based upon the use of available software packages and will not entail new program development.

Implementation Time: Ten Weeks

Background

A small group of senior IRS managers (see Item 7 following) will be convened to review apparent trends in the information being monitored to ascertain their potential impact on the management of human resources. The trends will be derived from economic and demographic data, information on emerging social considerations (e.g. child care), technology and office automation scheduled for implementation within IRS. This group must consider interactions among potential trends and secondary effects. It is imperative that this group receive the trend information in a clear and easy-to-understand format.

This group might also identify problems arising in the IRS internal environment, such as inadequate employee training in basic ADP methods and word processor applications which limits benefits of office automation. The identification of such needs might suggest an in-house training program for employees who need to reinforce these skills.

Item 7. Convene a small (4 to 6 persons) group of senior IRS managers to examine and evaluate the displayed trend information and identify impending scenarios to be considered in proactive management of human resources. The NBS project manager will serve as facilitator to this group. The purpose is to assure that IRS executives can use the trend monitoring system to make policy decisions on emerging conditions affecting district and service center operations.

Implementation Time: Six Weeks

Background

This is a pilot test of the primary product - the shift to proactive management of human resources. It is expected that recommendations for changes in information, format, and procedures will emerge which will improve future activities of this group.

Note: The Deputy Commissioner previously has approved the establishment of a standing seven member executive committee. This committee will evaluate the trend information and propose necessary changes to IRS personnel practices and policies. Item 7 is designed to pilot test the trend evaluation monitoring system and committee procedures and methods.

Item 8. Jointly with IRS Personnel Division, select either a key district office or a service center and explore how elements of the proposed trend monitoring system can be used to analyze operational issues. For example, the number of working single parents at the Andover Service Center who have pre-school-age children would be one indicator of the potential need for a child care center at Andover.

Implementation Time: Ten Weeks

Background

The data in the trend-monitoring system can be used to explore a broad variety of operational issues. It might be useful (depending on what data is required to drive the models) in exercising manpower models to estimate future personnel requirements. Some useful models have been developed by the U.S. Army, which successfully estimate the amount of recruitment bonus required to maintain adequate levels of critically skilled technical personnel in the ranks. Optionally, explore application of a spreadsheet model for analysis of other types of operational issues.

Item 9. Pilot test survey forms for measuring employee attitudes. Use the draft interview forms (questionnaires) shown in the Appendix of this report to interview first-line supervisors and exiting employees (if any) in the Baltimore and/or Richmond Districts. Analyze interim results and modify the questionnaires as required. Interviews will be limited to first line supervisors and exiting employees. Report results of validation and potential transferrability to other IRS PODs for monitoring the attitudes of IRS employees. Extemporaneous interviews will be conducted upon completion of the formal interviews. These will be compared and contrasted with the formal interview data.

Implementation Time: Twenty-Three Weeks

Background

There is no periodic survey of the attitudes of federal workers. There is a continuing sample survey of the whole U.S. workforce (Opinion Research Corp. survey of 175,000 employees in 159 companies) but the results might not be comparable with other studies for use in detecting trends in worker attitudes. This proposed limited-scope survey of IRS employees can be extended to include other (or all) work locations to monitor IRS employee attitudes and detect changes over time. It is suggested that the survey instrument developed and validated in Baltimore/Richmond be validated subsequently at another (different) location before application on a broad scale. Broad scale application can be made nation-wide on a periodic rotational basis at all work locations; or intermittently at selected work locations as problems are identified. Overall costs are low, so it is feasible to consider a self contained data collection activity.

Data collected at various times and locations should be stored for use in analyzing trends in worker attitudes.

Item 10. Prepare final report which documents and describes the results of implementing items 1 through 9. Report will describe data and data sources, updating requirements and operating procedures of the trend monitoring system. This is the system required for implementation of Strategic Initiatives ERR-9 and ERR-11.

Completion:

Twenty-Nine Weeks after the
Start of Phase II of the National
Bureau of Standards Work Program

IRS Resources

The IRS Employment Branch will provide support to NBS analysts for completion of many of these items. It is estimated that this support will total approximately 25 staff days during Phase II of the National Bureau of Standards work program.

| | START | 1 MONTH | 2 MONTHS | 3 MONTHS | 4 MONTHS | 5 MONTHS | 6 MONTHS |
|--|-------|---------|----------|----------|----------|----------|----------|
| 1. Review and Select info to be purchased from others | ***** | | | | | | |
| 2. Review and Select data items for system | ***** | | | | | | |
| 3. Select PERMITS Data Items | ***** | | | | | | |
| 4. Select update period computer specs and protocol | ***** | ***** | | | | | |
| 5. Develop items and procedures for scanning select people | ***** | ***** | ***** | | | | |
| 6. Develop means for presenting data | | | ***** | ***** | | | |
| 7. Convene Group Dry Run | | | | ***** | ***** | ***** | |
| 8. Test System on operational Data | | | ***** | ***** | ***** | ***** | |
| 9. Attitudinal Study | ***** | ***** | ***** | ***** | ***** | ***** | ***** |
| 10. Final Report | | | | | | | ***** |

IRS REQUIREMENTS AND SCOPE OF WORK

III. Identifying and Bounding the Problem

A. Goal

The goal of this program is similar to the goals of Strategic Initiatives ERR-9 and ERR-11: Preview future Human Resources needs and requirements with sufficient accuracy and lead time to allow for more proactive management.

B. Objectives

The objective of this program is to identify and develop a data base for supporting the strategic planning needs of recruitment, retention and management of the human resources for the Internal Revenue Service. This data base is to be used to identify trends both in aggregate (for reflecting national conditions) and disaggregate (for reflecting conditions in regions, districts, and at service centers.) Therefore, it is necessary that the data base be developed in a manner permitting segmenting in both a spatial and temporal sense.

This program must fulfill the needs of ERR-9, "Anticipation of Future Changes in Work-Workforce Trends and Legislation". To do this, it is necessary to monitor changes in demographic, economic, social, legislative, and technological characteristics in both the internal and external environments which might require changes in IRS policies and procedures affecting human resources management. The planning time frame requirements are established as 1-3 years into the future.

This program should also provide for the input data needs of ERR-11, "Recruitment Planning". This initiative has the same 1-3 year time frame requirements as ERR-9.

C. Phasing

Phase I of the National Bureau of Standards work program is concerned with identifying and bounding the problem in such a way that the implementation recommendations are supportive of, compatible with, but do not overlap other ongoing and proposed IRS initiatives and improvement projects. This was absolutely necessary to achieve efficiency and effectiveness, since so many improvements are being made and implemented within the Service at this time.

Phase I is also concerned with identifying statistics or parameters to be included in the trend analysis system which will be used to "drive" ERR-9 and ERR-11. Because the relationships between observed trends in the internal and external environments and impacts on human resources at the Internal Revenue Service are not clearly defined, considerable thought has been given to the procedures for deriving these impacts to assure that implementation of strategic initiatives ERR-9 and ERR-11, will meet expectations.

Phase II of the National Bureau of Standards work program would be directed toward the actual implementation of ERR-9. This phase is to be accomplished with the assistance of IRS personnel. The reason for this is twofold: Some of the data is to be furnished by other units within IRS and this is best accomplished between internal units; and working with IRS employees will afford dissemination opportunities for the hands-on familiarization and training necessary to operate the trend monitoring system.

STUDY PROCEDURES AND FINDINGS

IV. Study Procedures

The thrust of Phase I was to learn how Strategic Initiatives ERR-9 and ERR-11 fit into the existing and planned IRS internal environment and implement ERR-9 to provide support and compatibility with no unnecessary overlap of other IRS programs. This required the principal NBS investigator to become immersed in existing and planned IRS operations as quickly as possible. The principal investigator accomplished this by conducting interviews with IRS National Office personnel; attending selected IRS conferences; reading selected IRS documents describing existing operations and new programs under development; and by visiting a regional office, a district office and a service center. At the conclusion of these activities, the principal investigator performed a bibliographic search of current literature relevant to the defined scope of Strategic Initiative ERR-9 to make certain that the recommendations are at or near the state-of-the-art.

A - Interviews of IRS National Office personnel.

- 1 - Jim Dumais, Acting Chief, Projections and Forecasting Group. Met with Mr. Dumais on Aug. 8, 1985 to explore progress and prospects for the Arthur D. Little Study (Strategic Initiative BEE-9). The purpose of this meeting was to identify the existence of data sets common to both BEE-9 and ERR-9. Since this meeting, IRS has decided to implement BEE-9 with in-house staff.
- 2 - Judy Tomaso, Acting Chief, Organization and Productivity Group. Met with Ms. Tomaso on August 13, 1985 to explore background on development of the 56 IRS Strategic Initiatives. She advised that 5 years is considered the long range planning horizon which is very reasonable for an agency like IRS. ERR-9 is to be kept separate from BEE-9 to maintain its identity and keep it from being eclipsed. ERR-9 was not conceived to be a computerized data base.
- 3 - Ralph Collinson, Acting Director, Planning Division. Met with Mr. Collinson on August 13, 1985. He stated that the Planning Division would maintain data developed for ERR-9.
- 4 - Dick Phelan, Staff Assistant to the Director of Personnel. Met with Mr. Phelan before he left on detail in late August to discuss previous use of exit interviews. Mr. Phelan had worked on earlier turnover-attrition studies for the service.

Available data is not considered current enough or in proper format for use in the proposed trend analyses.

- 5 - Bonnie Esrig, Planning Division. Ms. Esrig described her work on BEE-7 and BEE-8, trend analysis of tax administration issues. These trends indirectly affect human resources trends by impacting the type and amounts of work IRS must perform.
- 6 - Wanda Chipman and Mark Greenstein, PERMITS program. Met in the PERMITS Office on August 29, 1985 for a briefing on the operation of this position-based employee data system. The system is expected to be completely operational by late summer, 1986, and will become a valuable information resource for ERR-9.
- 7 - Regina Deanehan and Pat Ruttle, responsible officials for Strategic Initiatives 12 and 13 respectively, described their findings and recommendations. This was of value in assuring that many of the data needs for these initiatives will be fulfilled by ERR-9.

B. Review of IRS Planning Documents

A primary source of planning activities underway in IRS is the collection of currently available documents. These documents can be classified into two groups: final reports; and planning perspectives or interim reports. The principal investigator reviewed a number of documents which were suggested by IRS staff as relevant to ERR-9. References in some of these documents identified other relevant documents which were obtained and reviewed. A listing of the more salient documents follows:

1. Internal Revenue Service Strategic Plan, Document 6941 (5-84). This document describes the 56 Strategic Initiatives.
2. Accountants and Auditors: A summary of Recent Trends and Forecasts, prepared for the Research Division, IRS, by ICF Inc., July, 1985. This document explores prospects for future hiring of accountants and auditors.
3. 1985 update, Trend Analysis and Related Statistics, Document 6011 (Rev 2-85), this document presents statistics on a number of attitudinal, demographic and tax payer characteristics.

4. Executive Summary, ERR-12 College Relations December, 1985. This summary describes recommendations for improving relations with colleges and universities for recruitment of graduating seniors.
5. Seasonal Employment Study (Final Report), April 11, 1983. This study analyzes characteristics and problems of seasonal employment and offers recommendations for improvement. The need for accessible data on seasonal employees is emphasized.
6. Description of Active Research Projects, Research Division, IRS, October, 1984. This document provides a one-paragraph summary of active research projects by several basic IRS interest categories.
7. Staffing Analysis Report, Document 5203 (Rev 7-84) Report Symbol NO-PM:PFR:F49. This report provides a detailed breakdown of IRS employment by region, district, and service center.
8. Environmental Scan: IRS Workforce, 1983. This study reports on the demographic characteristics of the IRS Workforce as projected from 1983 through 1993.
9. Human Resources Organizational Effectiveness Task Force Final Report, March 29, 1985. This document provides for changes in IRS Human Resources Management to meet the needs for more proactive management and organizational flexibility.
10. IRS memorandum from Assistant Commissioner (Computer Services) Subject: Strategic Initiative ERR-10 Anticipation of Future Changes in Work-Technological Displacement. This memo is a fine example of the first step in the process of relating trends and changes in the implementation of technology to impacts on human resources.
11. IRS memorandum from Assistant Commissioner, (Human Resources), Subject: FY 1986 Program Guidance 25 Sept 1985. The attachment identifies areas of major focus and concern. This memo explicitly recognizes the need for effective administration of human resources.

C. IRS Conferences

1. Service Center Recruitment Conference. Oct 1-3, 1985.
Crystal City, Alexandria, VA, IRS Training Center. The National Office presented a number of ideas and concepts for service center recruitment, and service center recruiters from around the country discussed various means of implementation.
2. Research Conference on Trends Impacting Tax Administration,
November 20-22, 1985, IRS auditorium, Washington, D.C., Economic, demographic, and technological trends were presented and discussed. A significant conclusion is that technology cannot be treated as a stand-alone issue: it must be considered in relation to strategy, people and organizational structure. It appears to the principal investigator that a more basic observation is that human resources cannot be clearly separated from general line management.

D. Field Visits

John Garufi, IRS Employment Branch, accompanied the principal investigator to visit the North Atlantic Regional Office, the Manhattan District Office and the Brookhaven Service Center, October 28, 29, and 30, 1985.

Amy Chassid, Chief, Planning and Recruitment Section coordinated the visit at the Regional Office; Bonnie Feldman, Employment Branch, coordinated the visit at the District Office; Betty O'Connell, Chief, Employment, coordinated the visit to the Brookhaven Service Center.

Ten District Office employees - revenue agents, revenue officers, tax auditors (supervisory and non-supervisory) were interviewed. An in-depth walk through of the pipeline tax-processing operation was provided at the Brookhaven Service Center.

The principal investigator had the opportunity to discuss current work loads and supervisory expectations at the working level. In addition, operating personnel described job satisfaction, growth prospects and their observations on retaining recently recruited employees.

E. Survey of Current Literature

The principal investigator made a search of current literature by using key words and phrases (and intersections thereof) to access bibliographic lists via the National Bureau of Standards library computer terminal. A listing of the articles which were reviewed is presented in Appendix C of this report. Key words and phrases included "strategic planning," "environmental scanning," "long range planning" and "human resources". The purpose of this literature search was to determine how other government and non-government organizations plan for future human resource requirements. In addition, in a study of this nature, it is important to determine the state-of-the-art to assure that recommendations include the most recent developments which are relevant to IRS needs.

F. Measurement of Employee Attitudes

The measurements of employee attitudes comprises an important data set for use in the recruitment and retention of IRS employees and in the general management of human resources. Attitudinal data can be internal (to the service) and external (government-wide and labor-force wide). The primary IRS interests are internal attitudes. However, external attitudes cannot be ignored; they might presage subsequent changes within the service; and attitudes within the service must be evaluated with respect to attitudes external to the service.

Dr. G. Lawrence Fisher, psychologist and consultant in employee retention, was engaged to explore and develop means of measuring employee attitudes internal to the IRS. External attitudinal data, although important for purpose of comparison, would have to be available from external sources: It is clearly beyond the scope (financial and otherwise) of this project to measure employee attitudes either within the Federal Government or in the national work force.

V. Summary of Findings

A. Strategic Planning of Human Resources

The purpose of strategic planning is to provide for the proactive management of human resources. Proactive management is more cost-effective than reactive or crisis management because of the opportunities which inevitably come to managers who anticipate. Proactive management provides more time to identify, evaluate and select among alternatives. A primary input to strategic planning is emerging trends which affect human resources. A small data base system is required for identifying these emerging trends.

The data base should include only those statistics or measurable characteristics from which trends can be detected which impact human resource management. The data base system must contain time series (historic) data i.e. yesterday and today. In order to react to a trend (if it is deemed important to do so), one must have some estimate of future data points or forecasts. Oftentimes these forecasts are provided by the producers of the observed data e.g. the Bureau of Census, the Bureau of Labor Statistics, Data Resources Incorporated (DRI) etc. The data system must be designed to store both historic data and forecasts. As time progresses, it will be necessary to replace these forecasts with observed data.

The data should be available in disaggregate form in Standard Metropolitan Statistical Area (SMSA) or smaller (county) units. The data must be available for local level recruitment/retention planning purposes for service centers and district offices as well as for planning at the national level.

At the most elementary level, strategic planning for recruitment and retention can be considered as simply a function of supply and demand. The analysis of this basic concept leads to mechanisms for changing supply and demand which are complex and often time-dependent: Supply can be increased by increasing remuneration and fringe benefits. Fringe benefits include health, vacation, retirement, flex-time, flexible work location, child care facilities etc. The trade-off among these benefits varies over time, depending upon family age and social factors. Demand can be decreased by changing the DIF score thresholds, reducing complexity of tax returns, by office automation and perhaps by reorganization or restructuring IRS occupations. For example, electronic filing of tax returns might make it feasible to spread the filing of individual returns around the calendar and thus more effectively utilize human resources.

B. Analysis of Operational Issues

The information required to drive the trend analysis function comes from time-series data.

New data will have to be entered periodically and the old data retained as time advances. The periodicity of new data entry must be determined by observation and experimentation. (New data entry is not called "updating" since this implies that the old data will be replaced with new data. This is not the case: old data must be available for use in discerning trends. If new data is entered too frequently, trends will be difficult to detect and operating costs will be unnecessarily high. On the other hand, if new data is entered too infrequently, operating costs will be lowered; however, an important trend may occur which is not detected as early as it might have been.

Observed data available in the system can be used to analyze operational issues. (Forecast data can also be used to explore operational issues, although with the additional uncertainty attributable to the forecast.) The analysis of operational data e.g., the answer to questions "what would happen if" provide a non-significant amount of additional work for field operational units and personnel in the IRS National Office. If responses to a large part of these queries could be automated, a significant savings in staff time would accrue to the Service.

Some examples of operational issues and "what would happen if..." queries are the following: How many GS-12 Revenue Officers will be eligible for retirement in March of 1988? How many are in the Manhattan District? How many are in the Chicago District? If the required years of service were lowered to 20 years for revenue officer retirement eligibility, how many employees in this occupation would be eligible for retirement in July of 1987. The answers to these types of questions can be used to evaluate alternative staffing strategies.

The ability to analyze operational issues and answer "what if" queries should be considered as a concomitant output of the proposed trend analysis system. It is not an extra cost deliverable. The analysis procedures developed for trend analysis can be applied to the data in the system to prepare responses to these types of queries.

C. Employee Attitudinal Data

Senior managers of the Personnel Division are aware of the need to track trends in IRS employee attitudes. This includes all employees - new hires, employees in journeymen levels, supervisors and employees leaving the service. Currently, no attitudinal data is collected routinely and only intermittent exit interview data is collected by the Service. It is necessary to monitor employee attitudes and data from exit interviews to effectively manage human resources. Now is the time to begin a modest effort to fulfill these requirements.

D. Criteria of an Effective Monitoring System

The trend monitoring system must be developed to include data from both the internal and the external environment. The system should include legislative, demographic, economic, social and technology data and information.

Technology trends should be tracked from the inside environment, not the external environment. This will narrow the focus and reduce costs. Justification for this is as follows: The time frame for strategic planning for recruitment and retention is about three years into the future. With procurement time and software development/implementation time being relatively high, it will be sufficient to react to personnel needs attributable to technology changes at the time of technology procurement. It is not necessary to track technology from time of idea inception in the external environment to meet the needs of human resources management.

To reduce costs and duplication of effort, wherever possible data should be obtained from others and not collected specifically for the trend monitoring system. With the exception of exit interviews and internal attitudinal data, this is feasible.

In order to use the implementation of this trend monitoring system for teaching and instructing operators and users, it should be brought on line gradually. There is little risk in missing a data acquisition opportunity since the data is obtained from others and in most instances is already edited and "on-the-shelf."

Ideally the proposed system should be self-teaching, flexible and user-friendly. This applies, to both the data management system and the means for summarizing and presenting data.

The following basic steps must be performed:

- identify data to be monitored
- locate sources for these data
- periodically input data to the storage and retrieval system.
- retrieve data
- explore data for trends
- determine impact(s) if any of trends on human resources
- take necessary (proactive) action if required.

With the possible exception of steps three and four, all steps are performed manually. The last three steps should be performed by a small team selected from senior staff in order to provide a composite judgement. In the beginning, it would be helpful to have a facilitator assist the team through the first several analyses.

The trend data should be accessible via the Zilog computer or some other readily available personal computer. Networking capabilities will be helpful, since the data bank is to be maintained by the Planning Division at a separate location.

The PERMITS data will be a major source for the trend analysis system. PERMITS is a continually-updated system. In order to obtain time-series data from PERMITS it will be necessary to pull out the selected data items on a rigid schedule, and store these data where they cannot be changed. This is compatible with PERMITS operating procedures.

In addition to trend analyses, these data can be used to analyze operational issues and to drive manpower models and other models such as spread sheets, etc. These techniques support decision-makers with objective studies based upon real data.

E. Strategic Planning for Human Resources - IRS and the Private Sector

A bibliographic survey of strategic planning for human resources management was done as a part of Phase I of this work program. The purpose of this survey was to determine current practice in other organizations, private as well as government, and to identify the state-of-the-art. The findings indicate that with the implementation of what IRS has planned and has proposed to do, the Service will be operating at or very near the state-of-the-art:

The Final Report of the Human Resources Organizational Effectiveness Task Force, March 29, 1985 is a significant step forward in advancing IRS human resources planning and management.

PERMITS will provide a valuable information resource within the Personnel Division.

The proposed selective environmental scanning for trend detection will put IRS Human Resources planning at the state-of-the-art.

RECOMMENDATIONS FOR IMPLEMENTATION

VI. Recommendations for IRS Human Resources Trend Analysis System

A. Introduction

The trend analysis system proposed for implementation in response to Strategic Initiative ERR-9 provides the following properties:

1. Most of the data required has been collected by others as part of their primary mission and is available free or at nominal cost. Some data whose cost is not nominal, can be made nominal by cost sharing. An example might be sharing the costs of Data Resources Inc. (DRI) services with another government agency.
2. The system can be brought up gradually thus avoiding massive upfront resource requirements.
3. Since most of the data is collected by other organizations, it is feasible to add other data subsequently at no loss of opportunity.
4. A large segment of data is to be provided internally from PERMITS.
5. Substantial in-depth expertise is available within IRS to constitute a small team for interpreting data, and forecasting impact and probability of occurrence. These resources should be called upon to provide expert assistance in assessing requirements and opportunities for human resources planning and management.
6. The proposed system should be used to discern future (up to three years ahead) demands on human resources. Forecasts beyond three years are often unreliable because of unseen conditions, and incorrect forecasting techniques. Most important, however, is that LONG RANGE FORECASTS ARE NOT NECESSARY for IRS recruitment and retention efforts.
7. The proposed trend monitoring system will support analysis of many operational issues. Such issues could range from estimating the number revenue agents eligible for retirement in FY 1985 in the Manhattan District, to the increased number of tax auditor hours required in the Baltimore District if the DIF scores were lowered by 5 units. The system would also support a variety of models used for forecasting. Such forecasting could be the number of seasonal data-entry hours (persons) required at a service center, or a payroll forecast.

In addition, these data could be used to drive a variety of manpower models important to the proactive management of human resources.

8. Data from this system could be combined with data from other IRS management systems to indicate productivity measures and error rates per employee (by district or service center) as a measure of workforce performance quality.

For an organization the size of the IRS, the effort and cost of implementing and operating the proposed system is small and far below the benefits which will accrue from the ability to provide proactive management of human resources.

B. Proposed Trend Monitoring System for IRS Human Resources Management

As was stated earlier, there are five basic categories of data to be monitored for anticipation of future needs: demographic, economic, legislative, technological, and social data. These can be stratified further into two classes - external to the IRS i.e., the remainder of the federal government or the whole external labor force and, internal or within the IRS. Additionally, some trends must be discerned or extracted from raw data and require in-depth interpretation; whereas other trends, which have become apparent, are already available from the available literature as identified trends. Some data apply to the whole population, other data are available only for a very small sample. Some data are general; other data are specific. Some data are historic; other data are forecast. It is possible to utilize the aforementioned taxonomy to reduce the work required to implement and operate the proposed trend detection system for human resources management.

1. The Internal (to IRS) Environment

The richest source of demographic, social, and economic data is the about-to-be-completed, PERMITS information bank. The IRS is bringing this system on line in FY 86 and it will be operated by the Personnel Division. This position-based system contains a wealth of information; however, it is a dynamic system i.e., it is updated everyday. This is an advantage for the analysis of some operational issues, but is a disadvantage for discerning emerging trends. It will be necessary to make a copy of the data selected for trend analysis on a periodic basis. (This is done by PERMITS Management on a quarterly basis.)

Not all internal demographic, economic and social data are available from PERMITS. Some information will require coordination with other IRS data sources (i.e. the Detroit Data Center for identifying county or Standard Metropolitan Statistical Area (SMSA) of residence of current employees). Other data will require physical collection of a representative sample of data (i.e. exit interviews and attitudinal data.)

The following data items are available and should be obtained from PERMITS:

- a. Position vacancy, number, title, effective date of vacancy
- b. Position location
 - Post of Duty (POD)
 - District
 - Region
 - SMSA or County and State
- c. Position identification - supervisory/nonsupervisory, and grade
- d. Skill codes required by position
- e. Skill codes of position current occupant
- f. Undergraduate degree of current position occupant
 - Date
 - Major
- g. Graduate degree of position
 - Date
 - Major

- h. Date employee occupied position
- i. Date eligible for retirement of current position occupant
- j. Service computation date (EOD), date of current position occupant
- k. Retirement scheduled of current position occupant- effective date
- l. Resignation date of current position occupant - effective date
- m. Date of birth of current position occupant
- o. Performance appraisal of current position occupant
 - current
 - previous
- p. Grade and step of position current occupant
- q. Merit pay of position occupant
 - permanent
 - temporary
 - seasonal
- r. Number of consecutive years as a repeat seasonal
- s. Sex of current position occupant
- t. Is there a working spouse of position occupant
- u. Year of birth each dependent child of position occupant
- v. Member NTEU Bargaining Unit?

The impacts on human resources of changes in employee attitudes, Tax Processing System Redesign and ADP/office automation modifications are all internal to IRS but are not available from PERMITS. Information on these types of changes must be made available by the responsible IRS operational unit.

Forecast of impacts on human resources from Tax System Redesign and ADP/Office Automation are probably available in the initial justifications for funding. As development proceeds, it will be necessary to do some pilot testing to verify performances and to determine human resource impacts. This is the best means of assuring that human resources will be prepared to operate

these systems. As a part of the implementation of ERR-9 and ERR-11, these linkages must be established.

Attitudinal data is defined to include data from exit interviews as well as data describing current employees. Sampling to obtain these data significantly reduces costs and provides adequate information for proactive management of human resources.

Because collection and analysis of attitudinal data requires special skills, Dr. G. L. Fisher, Ph.D., psychologist, who has these skills was engaged to provide expert guidance. Dr. Fisher's recommendations are made a part of this report:

EMPLOYEE ATTITUDES

INTRODUCTION

Purpose

The purpose of this intervention is to develop a tracking system for data describing employee attitudes towards their work, their supervisors, the organization, and the client population (the taxpayers). Data reflecting gut-level line employee emotional attitudes and the prevailing "cultural" belief systems can be extremely valuable.

The material immediately below addresses methods by which usable data can be obtained.

Background

Available survey information from a variety of sources indicates that "managers are content" and "line employees are as productive as they can be under prevailing conditions."

And yet, these same populations employ passive/aggressive behaviors and withdrawal in dealing with superiors and the organization. The primary withdrawal tactic of lower-level employees is to seek employment elsewhere as soon as convenient.

Exit Interviews

Exit interviewing is a time-honored method for obtaining information about employee attitudes. After fear of retaliation is neutralized, the departing

employee is usually candid about his/her experiences and feelings regarding the organization, its management, and co-workers. When realistically conducted and analyzed, resulting information can be supplemental to the information base for developing personnel strategies and personnel policies.

First Line Supervisory Interviews

Most line supervisors emerge from the ranks. They share common histories and experiences with their subordinates. They often know more about rank-and-file concerns than they acknowledge to senior management. Under non-threatening conditions first-level supervisors will generally divulge information about attitudes and worker-culture beliefs directed at management and the organization. Although not a broadly-used survey technique, the supervisory interview, if carefully conducted by a neutral agent, can provide a wealth of anecdotal material as a base for direct operations or future statistical analyses.

Proposed Procedures

Justification for District Office as Site for Pilot Study

Studies of the type proposed require careful procedural development. Modifications will be necessary as problems arise. Multiple visits to a District Office at weekly intervals are proposed, thus providing time and opportunity to modify procedures as found necessary. Visits to generally representative and geographically accessible offices will save time and resources. The Baltimore and/or Richmond district offices are proposed for the pilot study.

Exit Interviews

Oral

Information is to be obtained by an interviewer who asks prepared questions (see attached example in Appendix A). Responses are to be recorded verbatim and later re-phrased for analysis purposes.

After responses are analyzed, they are to be described in category form for retrieval and summary analysis.

Written

A survey form (see attached example in the Appendix A of this report) with both multiple choice and open-ended questions is given to the departing employee. After he/she completes the form, the interviewer will briefly

discuss (for clarification) the responses with the employee. These post-survey responses provide an opportunity for the interviewer to elicit additional information and allows valuable flexibility by the interviewer.

Extemporaneous

After completing the survey, either orally or written, the interviewer states that the formal interview is "over" and engages selected employees on the general subject of the "job." A skilled interviewer can obtain significant information not otherwise available. Special interviewing skills are required to elicit this information.

Supervisory Interviews

Supervisors are often painfully aware of subordinate attitudes and local cultural values. A competent interviewer, if confidentiality assurances are provided, can elicit this information. An experienced analyst can aggregate, analyze and develop an overall summary of the factors that are most responsible for employee turnover. Although not directly addressed by this proposal, passive/aggressive activities frequently result from dissatisfiers that are not sufficient to cause an employee to leave. Upper level managers can develop scenarios that mitigate against wide-spread passive/aggressive behavior from information revealed by aggregated interview information summaries.

General Conduct of Interviews

The psychological consultant for this project proposes to meet with targeted IRS personnel at a district headquarters or post(s)-of-duty to conduct interviews one day a week over a five-month period. It is estimated that six to ten interviews will be conducted each day. The consultant will summarize and aggregate data on a continuing basis. Procedural corrections will be applied as warranted.

Arrangements for interviews will be made with the cooperation of IRS management and proper coordination with NTEU.

Data Analysis and Presentation

Exit Interviews

Survey Data

Psychological consultant will provide marginal totals for each of the items on the survey instruments. Consultant will also provide analysis and interpretations of logical clusters of related items.

Significant analysis results will be offered as a basis for policy discussion.

Anecdotal Information

Psychological consultant will paraphrase and summarize anecdotal information. This information will be used for restructuring survey protocols for future studies. Anecdotal material may also be used as the basis for additional related studies.

Supervisory Interviews

The project consultant will organize and paraphrase information provided by supervisors during interviews. The consultant will identify focal subjects that relate directly to turnover and productivity. These will be rewritten into a "snapshot" report that will reflect prevailing attitudes. This material can provide the basis of periodic discussions between the project consultants and senior personnel management. These results will be used for tracking attitudinal data over time in the Baltimore and/or Richmond districts. In the future, the procedures can be applied in other districts.

Proposal for Future Studies

Tracking System

Once a tracking system has been implemented, variations can be designed that are appropriate to the various IRS districts and service centers throughout the United States. Comparisons of the modified procedures and ensuing data will be made on a continuing basis. The Service recruits most employees from the adjacent geographic area. Cultural differences may require appropriate variations in both tracking system procedures and item content of the surveys. Ongoing studies comparing data among regions will be required to ensure that data collected in the different regions will be comparable.

Demographic analyses

Recruitment and retention requirements, based on demographic and cultural differences, may vary among the regions. By establishing a method of maintaining contact with employee demographics, attitudes, cultural trends and other significant issues of perceived well-being to employees, IRS management will be better able to adjust national and local personnel policies and practices.

Limited Studies of Action Proposals

Long range, it is proposed that IRS management maintain continuing liaison with the psychological consultants responsible for the actual conduct of the tracking studies. The consultants will be able to design and conduct limited-purpose studies that address specific, local, problems that arise. For instance, a particular region may require mid-level personnel with specific skills that are in short supply locally. Consultants familiar with these studies will be in a position to conduct minimum-effort additional studies and report results and recommendations directly to IRS management who may wish to adjust local personnel practices.

THE ATTITUDINAL AND EXIT INTERVIEWING PROPOSED BY DR. FISHER IS A PILOT STUDY FOCUSING ONLY UPON THE BALTIMORE AND/OR RICHMOND DISTRICTS. THE PURPOSE IS TO VALIDATE A QUESTIONNAIRE AND A PROCEDURE. WHEN THESE ARE ADEQUATELY VALIDATED (i.e. MEASURE WHAT IS INTENDED TO BE MEASURED) THE PROCEDURE CAN BE APPLIED TO OTHER DISTRICTS. NEW GROUND IS BEING PLOWED HERE AND PROPER VALIDATION IS NECESSARY BEFORE EXPANDING OBSERVATIONS TO A NATIONWIDE SAMPLE.

2. The External Environment

Similar to the internal environment, information from the external environment can be obtained as raw data (i.e. historic and forecasts of unemployment) or as impacts interpreted by others (See Appendix B).

Impacts developed by others can be obtained by scanning the popular press, special publications such as Demographics, and by subscribing to special services (i.e. Naisbett Group's Trend Reports SRI International or AT&T's Context of Legislation). The cost of these special subscription trend monitoring services suggest that they should be evaluated carefully before subscribing.

a. Emerging Technology

Because technology is important only if procured by IRS, and lead times are relatively long, it is not necessary for IRS to monitor external technology for human resources trend analysis.

b. Emerging Social Patterns

Social issues relate to life styles, work habits, quality of work life and living arrangements. There are a variety of sources of information on emerging social patterns (i.e. Psychology Today, Time magazine, Newsweek, etc.) Emerging social patterns are best identified by appointing a small team to scan the popular press and collect and discuss significant findings. Current social patterns include more ubiquitous incidence of child care centers, availability and use of stress counseling, more single-parent households, more part-time employment, increased job sharing and more working in the home. It is necessary for the appointed team to identify emerging social patterns, monitor their growth and assess timing and potential impacts on the IRS. (As an example, child care facilities at a service center might enhance seasonal recruitment results).

c. Emerging Demographics Patterns

It appears that external demographics can be adequately obtained from secondary sources (i.e. publications reporting on analyses of trends rather than obtaining raw counts and forecasts from the Census Bureau). The shift to the sun belt and the progress of the baby-boom cohorts followed by a smaller number of births is well documented and is readily available in publications. Available published periodicals on U.S. population are likely to provide adequate information for IRS needs. The demographic data items can be adequately defined for periodic updating of data without the need for continuous scanning.

d. Emerging Economic Patterns

The Primary economic indicators important to IRS human resources management are estimates of employment (and unemployment) by economic sector (such as employment in banking, insurance and real estate) and area of the country; trends in college and university enrollment; and salaries of accountants and white collar office workers. Most of these data are available from the Bureau of Labor Statistics, The National Center for Educational Statistics, and the American Institute of Certified Public Accountants.

e. Emerging Legislative Patterns

Legislation can affect human resource management if it changes employee benefits or working conditions. Recently, much legislation under consideration could severely impact human resource management in the IRS (and the remainder of the government) by changing pay, retirement and the nature of working conditions. "Washington-on-Line," a commercial scanning service, monitors the nature of pending legislation, and can search on key words and phrases. Legislative information files maintained by the Library of Congress track legislation as it proceeds from introduction through the committees and houses of congress.

Both of these services should be periodically scanned to meet the information requirements of the proposed trend monitoring system.

Resource Requirements

It is estimated that to provide operational systems which will adequately serve IRS personnel planning requirements, 100 additional NBS work days will be required. The project would be completed within approximately thirty weeks after final IRS administrative approval and funding authorization is accomplished. If the psychologist is to proceed with structuring the employee attitudinal data system and the design and development of the exit interview data system, approximately 30 days of additional work will be required.

APPENDICES AND LIST OF REFERENCES

APPENDIX A

(TO BE ADMINISTERED BY INTERVIEWER)

EXIT INTERVIEW FORM (Personal Data Optional)

EMPLOYEE
NAME _____ DIVISION _____ BRANCH _____

ADDRESS _____ JOB TITLE _____

_____ TERMINATION DATE _____

_____ DATE HIRED _____

TELEPHONE _____ LENGTH OF SERVICE _____

+++++

INTERVIEWER _____ DATE _____

As an exiting employee you can be a valuable source of information regarding various working conditions observed during your employment. We hope that you will be candid with your answers to the attached questions so we may assist IRS to improve working conditions in the future.

This questionnaire is not a part of your personnel record. It will in no way effect your re-employment anywhere. It is being used solely by us to improve IRS management capabilities. Your responses to our questions will help future employees.

Feel free to write your own comments in the space below and on the reverse side of this sheet.

+++++

1. Check those items that are your reasons for leaving this organization. Use the number (1) for the most important reason and number (2) for the next, and so on.

_____ Continuing my education

-----Moving from area

-----Health Reasons

-----Retirement

Dissatisfied with:

_____ The work itself

_____ Working conditions

-----Immediate supervisor

-----Family circumstances

-----The people I work with

-----Secured a better job

-----The people under me

-----Just felt like leaving

-----General management

COMMENTS:

2. Indicate your opinions of the following:

| | <u>Excellent</u> | <u>Good</u> | <u>Fair</u> | <u>Poor</u> |
|----------------------------------|------------------|-------------|-------------|-------------|
| Security | ----- | ----- | ----- | ----- |
| Your Salary | ----- | ----- | ----- | ----- |
| Fringe Benefit Package | ----- | ----- | ----- | ----- |
| Performance Appraisal System | ----- | ----- | ----- | ----- |
| Physical Working Conditions | ----- | ----- | ----- | ----- |
| Opportunity for Advancement | ----- | ----- | ----- | ----- |
| Communication to/from Management | ----- | ----- | ----- | ----- |
| Training for the Job | ----- | ----- | ----- | ----- |

COMMENTS:

3. Rate your Unit with respect to the following characteristics:

| | <u>Excellent</u> | <u>Good</u> | <u>Fair</u> | <u>Poor</u> |
|-----------------------------------|------------------|-------------|-------------|-------------|
| A. Cooperation with other units | ----- | ----- | ----- | ----- |
| Cooperation within your unit | ----- | ----- | ----- | ----- |
| Adequacy of Training for your job | ----- | ----- | ----- | ----- |

Orientation:

A. to your job -----

B. to the organization -----

Realism of workload -----

Communication:

A. within your unit -----

B. with other units -----

COMMENTS:

4. Rate your supervisor on the following topics:

| | <u>Excellent</u> | <u>Good</u> | <u>Fair</u> | <u>Poor</u> |
|---|------------------|-------------|-------------|-------------|
| Gives fair and equal treatment | ----- | ---- | ---- | ---- |
| Respects you | ----- | ---- | ---- | ---- |
| Gives positive feedback and recognition | ----- | ---- | ---- | ---- |
| Welcomes your suggestions | ----- | ---- | ---- | ---- |
| Develops cooperation among employees | ----- | ---- | ---- | ---- |
| Resolves complaints and grievances | ----- | ---- | ---- | ---- |
| Gives clear instructions | ----- | ---- | ---- | ---- |
| Knows of your accomplishments | ----- | ---- | ---- | ---- |
| Applies effective personnel policies consistently | ----- | ---- | ---- | ---- |

(To Be Self Administered)

COMMENTS:

EXIT INTERVIEW

NAME (OPTIONAL) _____ DATE _____

1. If you are going to a different job, what does it offer you that the one here did not?

2. What were the factors that contributed to your accepting a job at this organization?
 - (A) Were your expectations realized?

 - (B) Has the job changed?

3. What constructive comments would you have for management in regard to making a better this place to work?

4. What are some of the factors that have contributed to making your employment enjoyable?

5. Would you recommend the IRS to a friend as a good place to work?
Why or why not?

6. Is there anyone you think we should fire?

Why?

COMMENTS:

7. If your new job doesn't work out for you will you consider returning to the IRS?

If not, why not?

COMMENTS:

The Philadelphia Inquirer

Vol. 513, No. 88

Price: Philadelphia: 10¢

Sunday, November 10, 1935

ONE DOLLAR

Why so many minimum-wage jobs are going begging

By Crilly Staff

Andy Orcutt used to do his paper work, talk to vendors and get out the door of his 7 Eleven store in Cherry Hill by midday. In plenty of time to play golf even during a week.

But for the last four or five months, Orcutt has been spending nearly 40 hours a week behind a cash register at the convenience store he owns. Like a growing number of others in the Philadelphia area, Orcutt can't find enough workers to fill entry-level jobs.

"I'm 43 years old and I'm a Starline salesman. I can't get someone else to do it for me," Orcutt said last week. "Orcutt and thousands of other workers in the 7 Eleven store in Cherry Hill by midday. In plenty of time to play golf even during a week."

But for the last four or five months, Orcutt has been spending nearly 40 hours a week behind a cash register at the convenience store he owns. Like a growing number of others in the Philadelphia area, Orcutt can't find enough workers to fill entry-level jobs.

Without a "Now Hiring" or "Help Wanted" sign or banner in the acceptance in the Philadelphia area.

The manager of the Philadelphia 7 Eleven store in Cherry Hill said last week that he has been looking for workers for the last three years of the national economic depression. The unemployment level in the area has dropped to levels not seen in more than a decade. Consequently, even when there is a large number of workers in the labor market, there is no crisis, just about all agree there is no crisis, just about all agree that jobs they could easily fill a year or so ago are going begging now. The last food outlet at convenience store has been closed out of business more than 100 times in the last year.

Although the shortage of entry-level workers seems most acute in the suburbs and for employers such as fast-food restaurants and convenience stores, government officials, employment agencies and employers say the problem is widening.

Behind the labor shortage, say employers and employment agencies, are a number of factors. Among the factors cited:

• A majority of the labor pool and the lowest-paying jobs in food service

Ice and retail sales less attractive than in the past. In September, the unemployment rate for the Philadelphia area was 17 percent — only a little more than August's rate of 16 percent, the lowest since January 1974.

• More teenagers, particularly those in affluent areas, are leaving up part-time jobs such as fast-food service. Sometimes teenagers willing to work have parents who prefer to provide money for their children rather than accept the inconvenience of getting the teens to and

from work or the risk of outside work harming a child's grades in school. "Why would a kid in Cherry Hill work for \$4.25 an hour when they're driving a 1974 Porsche?" Orcutt said.

• Retailing and food-service businesses have been among the fastest-growing segments of the economy. The growth may finally have eaten up the pool of people willing to work in such jobs at or near the minimum wage. Over the last year in Philadelphia and its four suburban counties (See JOB8 on 22A)

22 A Sunday, Nov. 10, 1935 The Philadelphia Inquirer

For jobs at or near minimum wage, the labor pool is drying up . . .

JOB8, from 1A

Pennsylvania counties, 9,000 jobs were added in retail trade and 7,500 jobs were added in the non-health-care service sector.

• Demographic trends are reducing the traditional pool of workers for entry-level jobs. Members of the baby boom generation have passed through the teenage years and are moving up career ladders. They are a primary source of fast-food workers are becoming a smaller proportion of the population. The trend will accelerate in coming years, with the number of Americans under 14 years old expected to decline by 2.6 million from 1943 to 1974, said Kenneth T. Meyland, an economist at First Pennsylvania Bank.

• Low wages. Entry-level jobs, such as those in fast-food restaurants, are not as attractive as they once were. The minimum wage for entry-level jobs is \$4.25 an hour, but that isn't even close to the minimum wage for many jobs. The minimum wage for many jobs is \$4.25 an hour, but that isn't even close to the minimum wage for many jobs.

challenge — overcoming the image thing," said Donald Price, executive vice president of Wawa Inc., the convenience-store chain.

The \$4.25 minimum hourly wage is no longer attractive to many young people and other job-seekers, particularly after taxes and commuting costs reduce spendable pay. In Philadelphia, the city and local government workers' union has passed up each dollar, or a cent of the \$14.94 hourly wage. That is before any deduction for health insurance.

Derrick O. Brown, who was filling out job applications Friday at a Center City employment office, said he regarded \$4 as a minimum hourly wage.

The illegal minimum is \$3.25 an hour, but that isn't even close to the minimum wage for many jobs. The minimum wage for many jobs is \$4.25 an hour, but that isn't even close to the minimum wage for many jobs.

Brown, who is studying to be a personal worker in a law office, isn't interested in fast-food restaurant jobs because "they're low-paying and most of the time, they're part-time."

Wages have begun to move up as a result of the smaller labor supply — the legal minimum wage of \$4.25 is "a non-taker," said Bill Shugart, a spokesman for Southland Corp., the parent company of the 7 Eleven chain. "If you're hiring someone at minimum wage, chances are they are going to take the next job that offers 10 or 15 cents an hour more."

In eastern Montgomery County, the area served by the state job service Center in Hattiesburg, "The prevailing entry-level wage is now over \$4 an hour," said a 7 Eleven store manager. "I've changed from an applicant's labor market to an applicant's labor market."

In the 7 Eleven chain, "Just about all our franchisees are having difficulty. They're not finding enough workers. They're not finding enough workers. They're not finding enough workers."

cully attracting and keeping good help. At the unemployment rate is coming down, the difficulty in attracting entry-level employees is still a direct proportion," said Shugart. "We're not sure what the trigger point is — what dollar an hour is needed to attract people. In times of high unemployment, you could get all you need at minimum wage. Now many franchisees are going to have to break the \$4-an-hour or \$4.50-an-hour level to attract people."

But even putting up signs and paying above minimum wage for clerks hasn't worked for Orcutt, whose store is at Bracco and Berlin Roads in Cherry Hill.

"I have no applications to my store and nobody to call," he said. "I have no applications to my store and nobody to call."

One employee recently worked her

11 p.m. to 7 a.m. shift for 24 days without a day off because he couldn't find suitable help. Orcutt said.

Until recently, he said, there were plenty of applicants for jobs, and he was able to staff the store adequately without having to work behind the counter himself.

But the labor shortage shows no signs of easing, he said.

"For the last four months, the 'Help Wanted' sign is part of my store. We have 'Help Wanted' for 40 people," he said.

Small stores and fast-food restaurants are not the only employers having trouble getting workers. Sears, Roebuck & Co., the nation's largest retailer, has a shortage of sales help at just about all its stores in the eastern region, which stretch as far as Maine to South Carolina, said spokeswoman Mary Strahlendorf. "I can tell you that it is definitely a job-hunter's market," she said for

three waiting part-time with, she said. Main Sears stores, she said, could stand to increase employment by 10 percent.

To try to lure and keep these people, she said, Sears is paying at least a little above minimum wage. The company also offers vacation time to employees who work 10 percent to 15 percent, and other benefits. Even so, she said, "it's a tough situation."

Retailers are not alone.

"It is a very tight market, and you can't find help," said Vicki McCollison, owner of McCallum's, a clothing store in Mount Pleasant, S.C. Meeting, which mainly provides workers for office and clerical jobs. These days, "you just can't get good help," she said.

Starting wages for entry-level work, she said, are now well above minimum wage. "That's why at \$3.25 (Continued on next page)

... leaving some retailers high and dry

Continued from previous page

to it's still not easy to find work here," he said.

Three years ago you could not find a job opening. McCullion said. Now there's nobody around. John P. L. owner of a Cooler City restaurant agency, said he had plenty of job openings available, especially in restaurants. And many restaurants, particularly in the garment industry, are feeling the pinch, he said.

"We've had people calling us for factory workers who haven't called in a two or three years," he said. In the garment industry, they're desperate for workers. They're even willing to teach them.

Barbours that want to find and very good workers can't just wait for them to come through the doors. They'll get applications, several employ-ers said.

A shortage of workers for utility and service jobs is an ongoing

trend, and it's going to take a lot more effort and creativity and planning to deal with it," said Joe Lohr, operations manager for Wawa's 170 stores in New Jersey and Connecticut. "You've got to increase competition for a shrinking labor pool. Those that plan ahead and cope with the new forces are going to emerge with that work force."

Lohr and Jim Robinson, operations manager for two Wawa stores in Pennsylvania, Delaware and Maryland, said Wawa was being more aggressive in recruiting workers.

"It used to be people would come to you for jobs, and you'd have a ready supply of applications to choose from," Robinson said. "Now you go to college campuses, retirement centers, high schools and put on programs to actively solicit people to come to work."

Wawa pays starting wages of \$4.25 to \$4.75 an hour, depending on the job, Lohr said. The intention is to

pay better than competitors so Wawa can attract top candidates.

Wawa and other retailers and restaurants have become more realistic in their hiring. They're not looking for people to work 40 hours a week, but for people who can work for a few hours in the middle of the day while children are in school.

Charles Miller, manager of the state's Job Service Center in Upper Merion, said it used to be hard to get jobs for people over 50 years old.

"Now these places are quite happy to accept them," Miller said. "They're often more dependable than the kids they're getting."

Price, the Wawa executive vice president, said the company tried to convince students who plan to get business degrees and go into management that running a convenience store for a year or two was a good way to learn the art of managing people.

Other employers have resorted to paying bonuses to employees who bring in a friend or family member to fill a job. The Friendly Restaurant chain, which is owned by Thrivey Foods Corp., pays cash bonuses of \$55 or so to such recruiters in areas where the chain is short on workers, spokesman James Fiola said.

Friendly, which is based in Wilbraham, Mass., has 725 restaurants mostly in the Northeast. Labor shortages are a problem in a number of "pockets" throughout the territory, including the Philadelphia area, Fiola said.

Extra costs for recruiting, training workers and paying overtime were blamed by Hartley for Friendly's "leaky" profit this year.

But although Fiola said Friendly constantly monitored its competition to keep its own wage rates in line, he said the chain had not raised its prices to compensate for higher costs arising from the labor shortage la-



The Philadelphia Inquirer photo of Andy Orcutt.

Andy Orcutt needs workers at his 7-Eleven store in Cherry Hill

stead, the company has found other ways to deal with the problem.

For example, in Connecticut and Massachusetts, where the shortage has been worst, "We've been able to be creative and ingenious about finding other people to fill the void," he said.

As for Orcutt, he's worried that it may take an economic downturn to solve his labor shortage.

"Not that I wish anybody else to have bad luck," he said. "But I wish something in Cherry Hill would close."

List of References

- 1) Dillon, Jon S., "A New Role for Personnel: Monitoring Superchange," The Personnel Administrator, Vol 20, No. 7, pages 20-22, November, 1975.
- 2) Fahey, Liam and King, William R., "Environmental Scanning for Corporate Planning", Business Horizons, pages 61-71, August, 1977.
- 3) Frantzreb, Richard B., "Human Resource Planning: Forecasting Manpower Needs," Personnel Journal, Vol. 60, No. 11, pages 850-857, November, 1981.
- 4) Glover, Robert H. and Holmes, Jeffrey, "Assessing the External Environment," Using Research for Strategic Planning, New Directors for Institutional Research, No 37, San Francisco: California Jossey-Bass, March, 1983.
- 5) Horn, David K., "Working Paper MPPRG 84-5," An Economic Analysis of Army Enlistment Supply", U.S. Army Research Institute for the Behavioral and Social Sciences, May 1984.
- 6) Hutcheson, Peggy and Stump, Robert W., "Mining the Future," Training and Development Journal, Vol 38, No. 11, pages 66-72, November, 1984.
- 7) Kast, Fremont, "Scanning the Future Environment: Social Indicators," California Management Review, Vol 23, No. 1, pages 22-32, Fall, 1980.
- 8) Lakhani, Hyder and Gilroy, Curtis, Working Paper MPPRG-84-14, "Army Reenlistment and Extension Decisions by Occupation," U.S. Army Research Institute for the Behavioral and Social Sciences, November, 1984.
- 9) Lang, Mary E., "Research: Child-Care Policies," Yale Alumni Magazine, pages 42-45, October, 1985.
- 10) March, John, "H.R.M., Birth of a Course," Harvard Business School Bulletin, pages 48-57, April, 1985.
- 11) Nanus, Burt, Director, Center for Futures Research, University of Southern California, "Quick Environmental Scanning," Long Range Planning, Permagon Press, 15 Belgrave Square, London SW 1X8PU, Vol 15, No 2, April, 1982.
- 12) Odiorne, George S., "Human Resources Strategies for the Nineties," Personnel, pages 13-19, November/December, 1984.

- 13) Renfro, William L. and Morrison, James L., "The Scanning Process: Getting Started," Applying Methods and Techniques of Futures Research, pages 5-37, New Directors for Institutional Research, No. 39, San Francisco: Jossey - Bass, September, 1983.
- 14) Roy, S. Paul and Cheung, Joseph K., "Early Warning Systems: A Management Tool For Your Company," Managerial Planning, Vol 33, No. 5, pages 16-21, March/April, 1985.
- 15) Stoffels, John D., "Environmental Scanning for Future Success," Managerial Planning, Vol 31. No. 3., pages 4-12, November - December 1982.
- 16) Thomas, Philip S., "Environmental Scanning: The State-of-the-Art," Long Range Planning, Vol 13, No. 1, February, 1980.
- 17) Walton, Richard, "From Control to Commitment: Transforming workforce Management in the United States," Course Development & Research Profile 1985, pages 132-135, 316-330, The Harvard Business School, Soldiers Field, Boston Mass., 1985.
- 18) Weiner, Edith, "Future Scanning for Trade Groups and Companies," The Harvard Business Review, pages 14, 174-176, September, October 1976.

| | | | | |
|---|--|---|--|--|
| U.S. DEPT. OF COMM. BIBLIOGRAPHIC DATA SHEET (See instructions) | | 1. PUBLICATION OR REPORT NO. NBSIR-86/3336 | 2. Performing Organ. Report No. | 3. Publication Date MARCH 1986 |
| 4. TITLE AND SUBTITLE Implementation Plan -- Internal Revenue Service Strategic Initiatives ERR-9 and ERR-11 National Bureau of Standards Phase I Report | | | | |
| 5. AUTHOR(S) Ralph E. Schofer | | | | |
| 6. PERFORMING ORGANIZATION (If joint or other than NBS, see instructions) NATIONAL BUREAU OF STANDARDS DEPARTMENT OF COMMERCE WASHINGTON, D.C. 20234 | | | 7. Contract/Grant No. | 8. Type of Report & Period Covered August-December 1985 |
| 9. SPONSORING ORGANIZATION NAME AND COMPLETE ADDRESS (Street, City, State, ZIP) Personnel Division The Internal Revenue Service Washington, DC 20001 | | | | |
| 10. SUPPLEMENTARY NOTES -- Document describes a computer program; SF-185, FIPS Software Summary, is attached. | | | | |
| 11. ABSTRACT (A 200-word or less factual summary of most significant information. If document includes a significant bibliography or literature survey, mention it here) The Internal Revenue Service (IRS) Strategic Plan is comprised of 55 Strategic Initiatives selected to prepare the Service for effective and efficient operation in the 1990's. Strategic Initiative ERR-9 addresses the development and use of a trend-analysis monitoring system for human resources planning; ERR-11 utilizes these data in development of recruitment plans for the Internal Revenue Service. This Phase-I Report presents the results of a review of human-resources planning requirements and a review of current research and development projects which impact human resources planning in the Internal Revenue Service. A ten-step plan for building and implementing a trend monitoring system for human resources planning is presented. This system also can be used to analyze operational issues which frequently must be addressed by the Personnel Division of IRS. The only recommendation for field collection of data pertains to a sample of exit interviews of departing employees and some interviews of first-line supervisors to measure attitudes. A bibliography is presented in the Appendix of the Report. | | | | |
| 12. KEY WORDS (Six to twelve entries; alphabetical order; capitalize only proper names; and separate key words by semicolons) | | | | |
| 13. AVAILABILITY <input checked="" type="checkbox"/> Unlimited <input type="checkbox"/> For Official Distribution. Do Not Release to NTIS <input type="checkbox"/> Order From Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. <input checked="" type="checkbox"/> Order From National Technical Information Service (NTIS), Springfield, VA. 22161 | | | 14. NO. OF PAGES 49 15. Price | |

